

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN PRIORITY

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E.O. 11652: N/A

TAGS: BPRO

SUBJECT: DIESEL AUTO PARTS, S.A.

1. EXPORT-IMPORT BANK OF THE UNITED STATES (EXIMBANK)
REQUESTS THE ASSISTANCE OF THE AMEMBASSY TEHRAN IN THE
FOLLOWING MATTER.

2. DIESEL AUTO PARTS, S.A. (DAP), AN IRANIAN COMPANY, IS
IN DEFAULT WITH RESPECT TO LOANS TO IT BY A U.S. EXPORTER,
INSURED BY EXIMBANK, IN THE AGGREGATE AMOUNT OF APPROXI-
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MATELY U.S. DOLLARS 4,000,000.

3. DIESEL AUTO PARTS WAS ORIGINALLY OWNED BY THE FOULADI
BROTHERS, ALI, HOSSIAN, MOHAMAD AND HASSAN, AN INFLUENTIAL
FAMILY, POSSIBLY RELATED BY MARRIAGE TO THE ROYAL FAMILY.
IN 1974, THE FOULADI BROTHERS EXECUTED A BLANKET GUARANTEE
FOR THE DEBTS OF DAP. LATER, HOWEVER, THREE OF THE
BORTHERS SOLD THEIR INTERESTS TO THE ELDEST BROTHER, ALI
FOULADI. HE HAS SINCE LEFT IRAN AND IS REPUTEDLY LIVING

IN THE SOUTH OF FRANCE. DAP IS BEING OPERATED BY MR. HUSHANG WEKILI, FRIEND AND BUSINESS ASSOCIATE OF ALI FOULADI. MR. WEKILI IS REPUTED TO BE WEALTHY BUT WITHOUT THE INFLUENCE ENJOYED BY THE FOULADIS.

4. VARIOUS PROPOSALS FOR SETTLEMENT OF THE DEBT HAVE BEEN MADE BY HOSS AN, MOHAMED AND HASSAN FOULADI AND SEPARATELY BY MR. WEKILI.

5. IN ORDER TO INTELLIGENTLY ASSESS THE PROPOSALS AND TO CHOOSE A COURSE OF ACTION, EIB NEEDS, AS QUICKLY AS POSSIBLE, THE INFORMATION REFERRED TO BELOW. EXIMBANK HAS TRIED TO OBTAIN SUCH INFORMATION FROM VARIOUS COMMERCIAL SOURCES, BUT SUCH SOURCES HAVE BEEN INADEQUATE. EXIMBANK WOULD APPRECIATE THE AMEMBASSY UNDERTAKING TO PROVIDE THE FOLLOWING INFORMATION:

A. LISTED BELOW ARE THE COMPANIES PRESENTLY OWNED WHOLLY OR PARTIALLY BY SOME OR ALL OF THE FOULADI BROTHERS. ARE SUCH COMPANIES AND DAP CURRENTLY OPERATING; - DO THEY HAVE TANGIBLE ASSETS, SUCH AS INVENTORY; ARE THEY GENERATING ENOUGH CASH TO PAY DEBTS AS THEY BECOME DUE; IS IT LIKELY THAT THEY WILL BE ABLE TO CONTINUE - IN OPERATION. SPECIFICALLY, CAN YOU DETERMINE THE EXTENT LIMITED OFFICIAL USE

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OF DAP'S INVENTORY AT ITS OPERATION IN BANDAR SHAHPUR AND ASCERTAIN WHETHER THERE ARE ANY MORTGAGES OR OTHER SECURITY INTERESTS THEREON. CAN YOU OBTAIN RECENT FINANCIAL STATEMENTS ON THE AFORESAID COMPANIES AND DAP AND THE FOUR FOULADI BROTHERS. WE HAVE FINANCIAL STATEMENTS AS OF MARCH 1976, BUT THEY ARE OBVIOUSLY OUT OF DATE. YOU HAVE PREVIOUSLY REPORTED THAT DIESEL AUTO PART TRADING COMPANY WAS ESTABLISHED IN EARLY 1977 TO TAKE OVER DAP'S BUSINESS. IS THIS COMPANY PRESENTLY OPERATING AND IN WHAT MANNER. CAN YOU DISCOVER ANY OTHER COMPANIES OWNED WHOLLY OR PARTIALLY BY SOME OR ALL OF THE FOULADI BROTHERS. CAN YOU GIVE US ANY INFORMATION ON MR. HUSHANG WEKILI AND HIS FINANCIAL POSITION AND INFLUENCE.

B. IT IS ALLEGED THAT THE FOULADI'S LIQUIDITY IS BEING HAMPERED BY A REAL ESTATE TRANSFER LAW WHICH REQUIRES THAT REAL ESTATE MUST BE TENDERED TO THE GOVERNMENT OF IRAN AT ITS TAX VALUE BEFORE SUCH REAL ESTATE CAN BE SOLD TO A THIRD PARTY. CAN YOU CONFIRM THE EXISTANCE OF SUCH LAW, AND POSSIBLY PROVIDE US WITH AN ENGLISH LANGUAGE TRANSLATION THEREOF. IS SUCH LAW TO BE REGARDED AS A TEMPORARY MEASURE TO HELP CONTROL INFLATION, OR IS IT TO BE INCORPORATED PERMANENTLY IN THE IRANIAN BODY OF LAWS. -

6. AS BACKGROUND INFORMATION WHICH MAY BE HELPFUL, THE AFORESAID LOANS WERE MADE BY EXPORT CREDIT CORPORATION, A PRIVATE LENDER, AND WERE INSURED BY EXIMBANK THROUGH THE FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA). THEREFORE, EXIMBANK IS AT RISK IN THIS MATTER. DAP ALSO OWES CONSIDERABLE AMOUNTS TO BANK SADERAT.

7. EXPORT CREDIT CORPORATION HAS RETAINED DR. ALEXANDER AGHAYAN AS ITS ATTORNEY IN THIS MATTER. AS EXIMBANK WOULD HAVE TO PAY A LARGE PORTION OF HIS FEES, CAN YOU CONFIRM THAT HE IS A COMPETENT, RESPECTED ATTORNEY IN IRAN. CAN YOU GIVE US SOME INFORMATION ON THE USUAL KINDS OF LIMITED OFFICIAL USE

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FEE ARRANGEMENTS CHARGED BY ATTORNEYS OF HIS STANDING. WILL SUCH ATTORNEYS ASSIST IN NEGOTIATION OF A SETTLEMENT OR RESCHEDULING OF DEBT AT AN HOURLY RATE, OR DO THEY INSIST ON A PERCENTAGE OF THE AMOUNT IN QUESTION. CAN YOU TELL US ANYTHING ABOUT TYPICAL HOURLY RATES AND TYPICAL PERCENTAGE FEES. IS NEGOTIATION OF SUCH FEES POSSIBLE.

8. SINCE EXIMBANK IS BEING PRESSED TO COME TO IRAN ON SEPTEMBER 8, 1978 TO SETTLE THE MATTER, IT WOULD BE APPRECIATED IF YOU COULD PASS INFORMATION TO US AS IT IS OBTAINED, WITHOUT WAITING UNTIL ALL POSSIBLE INFORMATION IS GATHERED.

9. ASSOCIATED COMPANIES ARE AS FOLLOWS: SHERKAT SAHAMI IRAN YASA TYRE AND RUBBER; SHERKAT SAHAMI KHAS MITRADAT; DIESEL ELECTRIC COMPANY; KIAN EXPORT COMPANY; ASTIAJ COMPANY; IRANIAN INDUSTRIAL PRODUCTS EXPORTING CONSTRUCTION LIMITED; GOVA COMPANY LIMITED; IRAN BICYCLE AND MOTORCYCLE MANUFACTURING COMPANY; DOONA MINING COMPANY LIMITED; NIROO BATTERY DISTRIBUTING COMPANY; AUTO REX COMPANY; IRANIAN AUTOMOTIVE ACCESSORIES INDUSTRIAL COMPANY LIMITED; KIAN TYRE MANUFACTURING COMPANY. CHRISTOPHER

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